



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 11, 2002

S. 2758

Access to High Quality Child Care Act

*As ordered reported by the Senate Committee on Health, Education, Labor,
and Pensions on September 4 , 2002*

SUMMARY

S. 2758 would amend and reauthorize the Child Care and Development Block Grant (CCDBG) Act of 1990, which currently expires at the end of 2002. The bill also would create three new programs and increase set-asides for quality improvements and other activities.

The bill would authorize appropriations totaling \$4.2 billion in 2003. CBO estimates that total authorizations under S. 2758 would amount to about \$21.8 billion over the 2003-2007 period, assuming that annual levels are adjusted to keep pace with inflation when specific annual authorizations are not provided. CBO estimates that appropriations of these amounts would result in additional outlays of \$19.0 billion over the 2003-2007 period. (Without adjustment for inflation, the authorizations would total \$21.0 billion and the outlays an estimated \$18.4 billion over the five-year period.)

Enacting the bill would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply.

S. 2758 contains no private-sector or intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). It would authorize additional funds for a variety of child care and education programs to states, but it also would place additional requirements on states as conditions of assistance.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 2758 is shown in Table 1. The costs of this legislation fall within budget function 500 (education, training, employment, and social services).

TABLE 1. ESTIMATED BUDGETARY EFFECTS OF S. 2758, THE ACCESS TO HIGH QUALITY CHILD CARE ACT

	By Fiscal Year, in Millions of Dollars					
	2002	2003	2004	2005	2006	2007
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law						
Budget Authority	2,100	0	0	0	0	0
Estimated Outlays	1,919	754	330	126	0	0
With Adjustments For Inflation						
Proposed Changes						
Estimated Authorization Level	0	4,200	4,277	4,362	4,450	4,543
Estimated Outlays	0	2,490	3,590	4,079	4,389	4,484
Spending Under S. 2758						
Estimated Authorization Level ^a	2,100	4,200	4,277	4,362	4,450	4,543
Estimated Outlays	1,919	3,243	3,920	4,205	4,389	4,484
Without Adjustments For Inflation						
Proposed Changes						
Estimated Authorization Level	0	4,200	4,200	4,200	4,200	4,200
Estimated Outlays	0	2,490	3,544	3,963	4,190	4,195
Spending Under S. 2758						
Estimated Authorization Level ^a	2,100	4,200	4,200	4,200	4,200	4,200
Estimated Outlays	1,919	3,243	3,874	4,089	4,190	4,195

NOTES: Components may not sum to totals because of rounding.

a. The 2002 level is the amount appropriated for that year.

BASIS OF ESTIMATE

S. 2758 would authorize funding through 2007 for three new child care programs and would reauthorize funding for the CCDBG program created under the Child Care and Development Block Grant Act. Two of the new programs have specific levels authorized in all years, while the other programs would be authorized at specific levels for 2003 and for such sums as may be necessary for 2004 through 2007.

Table 2 presents CBO's estimates for the various components of each title under S. 2758. Unless annual amounts are specified by the bill, CBO's estimate of authorized levels for years after 2003 is the authorized amount for 2003 adjusted for inflation. Outlays are based on historical spending patterns for the same or similar programs.

Title I - Access to High Quality Care

Title I of S. 2758 would reauthorize and revise the CCDBG program currently authorized under the Child Care and Development Block Grant Act. The bill would authorize appropriations for title I totaling \$3.1 billion for 2003. CBO estimates the total funding for title I for the 2003-2007 period would be about \$16.1 billion, assuming adjustments for inflation, with resulting outlays of \$14.1 billion over those five years. Funding in 2002 was \$2.1 billion.

The CCDBG program provides funding to states for child care subsidies to low-income families and other activities. It is one of the two federal funding programs for child care subsidies within a program grouping often referred to as the Child Care and Development Fund. The other program is the Child Care Entitlement to States, a mandatory program that is not affected by S. 2758.

The bill also would designate specific amounts for activities to improve the quality of child care services, the rates of reimbursement, the availability and quality of child care for infants and toddlers, and other activities. CBO estimates that these set-asides would not affect outlays.

TABLE 2. DETAILED EFFECTS OF S. 2758, THE ACCESS TO HIGH QUALITY CHILD CARE ACT WITH ADJUSTMENTS FOR INFLATION

	By Fiscal Year, in Millions of Dollars					
	2002	2003	2004	2005	2006	2007
Proposed Changes:						
Title I - Access to High Quality Child Care						
Child Care and Development Block Grant Program						
Estimated Authorization Level	0	3,100	3,158	3,222	3,289	3,360
Estimated Outlays	0	1,891	2,639	3,002	3,249	3,318
Title II - Quality Child Care Initiatives						
Technical and Financial Assistance Grants						
Authorization Level	0	50	50	50	50	50
Estimated Outlays	0	0	5	20	40	45
Improving the Availability of Books						
Authorization Level	0	50	50	50	50	50
Estimated Outlays	0	29	45	49	50	50
Subtotal Title II						
Authorization Level	0	100	100	100	100	100
Estimated Outlays	0	29	50	69	90	95
Title III - Early Care and Education						
State Grants						
Estimated Authorization Level	0	1,000	1,019	1,039	1,061	1,084
Estimated Outlays	0	570	901	1,008	1,049	1,071
Total Proposed Changes						
Estimated Authorization Level	0	4,200	4,277	4,362	4,450	4,543
Estimated Outlays	0	2,490	3,590	4,079	4,389	4,484

NOTES: Components may not sum to totals because of rounding.

Title II - Quality Child Care Initiatives

Title II would authorize a total of \$100 million in 2003 and \$500 million over the 2003-2007 period for two new programs. If the authorized amounts are appropriated, outlays would increase by \$29 million in 2003 and by \$332 million over the 2003-2007 period.

Technical and Financial Assistance Grants. The bill would create a new competitive grant program and authorize \$50 million in each of the years 2003 through 2007. Assuming the authorized amounts are appropriated, CBO estimates that there would be no outlays in 2003 and about \$110 million in outlays over the five-year period.

The new program would award funds to intermediary organizations to assist child care centers in acquiring, constructing, or renovating child care facilities. These funds could not constitute more than 50 percent of the cost of the project, and the recipients would have to provide the remaining match, which could be in cash or in kind. Any loan repayments received by the intermediary organizations would be put into a revolving fund and distributed to other child care centers. As is the case with many other competitive grant programs funding construction activities, spending would be relatively slow because it takes time to design the projects as well as to establish the new application and award criteria.

Improving the Availability of Books. The bill would create a new grant program and authorize \$50 million in each of the years 2003 through 2007. Assuming the authorized amounts are appropriated, CBO estimates that outlays would be \$29 million in 2003 and \$222 million over the five-year period.

The new program of grants to states would seek to promote child literacy and improve children's access to books at home and in child care programs. States would enter into contracts with local child care resource and referral organizations, which in turn would make payments to providers to make books available for children.

Title III - Early Care and Education

S. 2758 would create a new program and authorize \$1.0 billion in 2003 and such sums as may be necessary for fiscal years 2004 through 2007. Total funding for the 2003-2007 period would be \$5.2 billion, assuming adjustments for inflation, with resulting outlays of \$4.6 billion over those five years.

The new program would provide grants to enable states to develop or enhance early child care and education programs designed to improve school preparedness for children age six and under.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 2758 contains no intergovernmental or private-sector mandates as defined in UMRA. It would authorize additional funds for a variety of child care and education programs operated by states, but it would also place additional requirements on states as conditions of assistance. In the CCDBG program, for example, the bill would require states to consult a broader range of people and organizations when developing state plans, place greater emphasis on program coordination, simplify application procedures, develop training programs, increase access to child care, and improve payment rates for child care providers. Other titles of the bill would support acquiring, constructing and renovating child care facilities, improving child literacy, and enhancing early child care and education programs.

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